



**GARY CALLIHAN**

155 Doak Creek Road  
Libby, Mt. 59923

Phone: (406) 293-2831  
Fax: (406) 293-2926

July 27, 2003

EPA  
Mineral Avenue  
Libby, Montana

**SDMS Document ID**



**2030875**

Re: 1325 Airstrip Road property  
Charles and Lila Stambaugh

Dear Courtney:

Per our previous phone conversations I have enclosed copies of the following:

- Notice of Default dated June 26, 2003
- Certified Mail receipt dated June 27, 2003
- Title Insurance Owners Policy dated November 20, 2002
- Escrow Agreement with First American Title and Escrow
- Contract for Deed

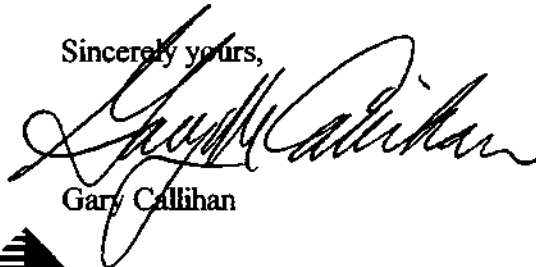
Our primary request is that you do not pay money or provide building materials to Stambaughs unless they have cured their default. We would further request that you restore the home to at least as good of condition as it was when you started your Vermiculite removal as to interior walls or other interior work you may be doing.

I would ask you to read paragraph three on Page 2 of the Contract for deed. Stambaughs had no right to authorize you or anyone else to alter the interior of the house without our written permission.


It is also relevant to point out that Stambaughs have not completed their down payment, which in part was to have been in the form of improvements to the residence per the terms of the enclosed agreement. Due to their default on the down payment terms and the monthly payment terms and now the added alteration to the interior of the house, and due to the minimal investment that they have in this property we respectfully request your cooperation in this matter. It will be one month from today, should Stambaughs not pay the Seller (my brothers and myself) in full, when their interest in the property will be terminated under the terms of the Contract for Deed. By that time we can either advise you of Stambaughs performance or lack thereof, in which case we will be happy to work with you to conclude the work on the property.

Thank you for your cooperation.

Sincerely yours,



Gary Callihan



## **NOTICE OF DEFAULT**

First American Title and Escrow Number 25280

To: Charles D. Stambaugh  
Lila G. Stambaugh / Simpson

The following described property, to wit:

Parcel 1 of Libby Sky Ranch subdivision, according to the official plat on file and of record in the office of the Clerk and Recorder, Lincoln County, Montana, together with easements as shown thereon, all located in Section 2 of Township 30 North, Range 31 West, MPM

Commonly known as:

1325 Airstrip Road, Libby, Montana 59923

Default is hereby declared pursuant to an unrecorded Contract for Deed held in escrow at First American Title and Escrow of Libby Montana, and evidenced by a recorded Notice of Purchaser's Interest, which was recorded on November 20, 2002 in Book 277, Page 392 of the records of Lincoln County, Montana, the Seller therein being Drew Munro, (personal representative for Alice J. Munro, deceased).

The Seller has declared the Purchasers in default for the following reasons:

1. The Purchaser's have failed to pay the monthly payment due on 6-10-03 in the amount of \$300.00.
2. The Purchaser's have failed to complete the work that was agreed to as part of the purchase of the real estate, provided for in a written agreement, a copy of which is attached hereto and referred to as "Agreement". The purchaser's were allowed credit of \$2,500.00 as a part of their down payment for said work. The Agreement provides that said work must be completed by May 30, 2003. The Agreement further provides that "If said work is not completed or is of a lesser standard, then the Seller may declare a default under the Contract for Deed, which is being executed contemporaneously with this agreement, and the provisions for notice and cure of the default are stipulated to and agreed to in the Contract for deed."

**If within 30 days of the mailing of this notice the sum of \$2,800.00, together with \$50.00 required as a late fee for each above defined default, and \$100.00 for the preparation of this notice has not been tendered to the Escrow holder hereinabove identified, for a total sum of \$3,000.00, then the purchaser's right to cure the default and reinstate the Contract for Deed expires. Thereafter, for another 30 day**

**period, the Purchasers may pay the entire sum of principal and interest then due on the Contract for Deed, together with the remaining portion of the down payment for work which was a part of the down payment and is identified in the Agreement, and such late fees as are now due or may accrue within the combined 30 day period to reinstate and the 30 day period to either pay all sums in full or surrender possession of the property, and payment for the preparation of this notice, then upon payment of these sums Purchasers may have clear title to said real property. If Purchasers do not pay such sums as provided for in the Contract for Deed and the Agreement and as stipulated to herein, then forfeiture of all rights held by the Purchasers shall be complete. At such time the property shall be peacefully surrendered to the Seller, and the Purchasers shall hold no further interest.**

Dated this 26 day of June, 2003.

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Drew Munro

(Personal Representative for Alice J. Munro, deceased)

7002 2030 0003 1196 0323

**U.S. Postal Service™**  
**CERTIFIED MAIL™ RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

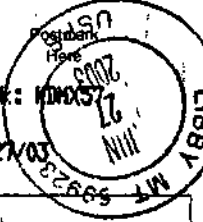
LIBBY, MT 59923

Postage	\$ 0.37
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.42

UNIT ID: 0923

Clerk: KMXS7

06/27/03



Sent to  
**Charles Stambaugh**  
Street, Apt. No.,  
or PO Box No. **1325 Air Strip Rd**  
City, State, ZIP+4  
**Libby MT 59923**

PS Form 3800, June 2002

See Reverse for Instructions

**OWNER'S POLICY****SCHEDULE A**Order No.: **LI-13126**Policy No.: **J 1733848**

Reference No.:

Amount of Insurance: **\$ 29,900.00**Premium: **\$ 248.00**

Endorsements:

**\$**Date of Policy: **November 20, 2002** at **10:00 AM**

1. Name of Insured:

**Charles D. Stambaugh and Lila Stambaugh**

2. The estate or interest in the land which is covered by this policy is:

**An equitable interest**

3. Title to the estate or interest in the land is vested in:

**Charles D. Stambaugh and Lila Stambaugh, as to the equitable interest created by:****Unrecorded Contract of sale upon the terms, conditions and provisions contained therein, constructive notice of which was given by Notice of Purchaser's Interest:****Recorded: November 20, 2002 in Book 277 at Page 392****Seller: Drew Munro Personal Representative of Alice J. Munro, deceased.****Buyer: Charles D. Stambaugh and Lila Stambaugh**

4. The land referred to in this policy is described as follows:

**Parcel 1 of LIBBY SKY RANCH SUBDIVISION, according to the map or plat thereof on file in the office of the Clerk and Recorder, Lincoln County, Montana.**ALTA Owner's Policy Schedule A (10/17/92)  
Form 1402-92

**SCHEDULE B**Order No.: **LI-13126**Policy No.: **J 1733848****EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) which arise by reason of:

**PART I**

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interest, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.
6. Any liens, or rights to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.
7. Any right, title or interest in any minerals, mineral rights, or related matters, including but not limited to oil, gas, coal, and other hydrocarbons.
8. No liability is assumed for errors, omissions or changes in assessed valuations or amount of taxes assessed by any state, county or city taxing or assessing authority.
9. County road rights-of-way not recorded and indexed as a conveyance of record in the office of the Clerk and Recorder pursuant to Title 70, Chapter 21, M.C.A., including, but not limited to any right of the Public and the County of Lincoln to use and occupy those certain roads and trails as depicted on county Surveyor's maps on file in the office of the County Surveyor of Lincoln County.
10. General and special county taxes as assessed for the year 2002  
Total Amount: \$224.85  
First Installment: \$112.43 Not Paid  
Second Installment: \$112.42 Not Paid

ALTA Owner's Policy Schedule B (10/17/92)  
Form 1402-92

**OWNER'S POLICY  
SCHEDULE B  
(Continued)**

Order No.: **LI-13126**

Receipt Number: #8958

11. Easement granted to General Telephone Company, recorded January 7, 1976 in Book 34 at Page 282.
12. Water Supply and Road Agreement, recorded October 11, 1990 in Book 160 at Page 187.
13. Provisions contained in that Certificate, executed by the State of Montana, Department of Health and Environmental Services, filed October 11, 1990, in Permanent File #4693.
14. Easements on the recorded plat of Libby Sky Ranch Subdivision.

**END OF EXCEPTIONS**

ALTA Owner's Policy Schedule B (10/17/92)  
Form 1402-92

## First American Title &amp; Escrow, P.O. Box 155, Libby, MT 59923

YOUR FILE NO.: LI-13126		LONG TERM ESCROW NO.: 25280	
<b>SELLER(S):</b> Alice J. Munro Estate Drew Munro, Personal Representative <b>Address:</b> 187 Doak Creek Road Libby, MT 59923 <b>Phone No.:</b> 406-293-7328		<b>TIN/SSN#</b> 535-16-7482 <b>TIN/SSN#:</b> <input type="checkbox"/> See attached for additional Sellers.	
<b>BUYER(S):</b> Charles D. Stambaugh and Lila G. Stambaugh <b>Address:</b> 1325 Airstrip Road Libby, MT 59923 <b>Phone No.:</b> 406-293-7884		<b>TIN/SSN#:</b> 569-47-7359 <b>TIN/SSN#:</b> 560-19-2604 <input type="checkbox"/> See attached for additional Buyers.	
<b>ADDRESS/BRIEF LEGAL DESCRIPTION/COUNTY:</b> Parcel 1, LIBBY SKY RANCH SUBDIVISION			
Subject to the conditions herein, the following documents are hereby deposited with First American Title & Escrow, a Montana Corporation, P.O. Box 155, Libby, Montana, 59923 hereinafter referred to as "Escrow Agent".			
DOCUMENTS TO BE HELD:			
<input checked="" type="checkbox"/> Contract for Deed <input checked="" type="checkbox"/> Warranty Deed w/ RTC <input checked="" type="checkbox"/> Quit Claim Deed w/ RTC <input checked="" type="checkbox"/> Notice of Purchaser's Interest <input checked="" type="checkbox"/> Other Grant Deed w/RTC		<input type="checkbox"/> Promissory Note <input type="checkbox"/> Trust Indenture/Deed of Trust Request for Reconveyance <input type="checkbox"/> Mortgage <input type="checkbox"/> Satisfaction of Mortgage	
		<input type="checkbox"/> Bill of Sale <input type="checkbox"/> UCC <input type="checkbox"/> Mobile Home Title <input type="checkbox"/> Evidence of Insurance <input type="checkbox"/> Other _____	
<b>2. PURCHASE PRICE, PAYMENT AND TERMS:</b>			
<b>A. Purchase Price</b> Down Payment Underlying Debt Unpaid Balance		<b>B. Unpaid Balance paid:</b> <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi Annually <input type="checkbox"/> Annually <input type="checkbox"/> Other (describe): _____ _____ _____	
<b>C. Principal and Interest</b> Reserve Payment Escrow Fee <b>TOTAL PAYMENT</b>		<b>D. Date of First Payment</b> Interest to Commence Interest Rate	
\$29,900.00 \$ 5,000.00 \$ \$24,900.00		12-10-2002 date of closing 10%	
<b>E. All payments (including partial payments):</b> <input checked="" type="checkbox"/> Apply first to accrued interest to date and balance to principal. <input type="checkbox"/> Apply entirely to principal. <input type="checkbox"/> No partial payments.		<b>F. Interest computed on:</b> <input checked="" type="checkbox"/> 365 day basis <input type="checkbox"/> Interest Only <input type="checkbox"/> Other (describe): _____	
<b>G. Distribution of Payments (following payment of escrow fee and deposit into reserve account, if applicable):</b> <input checked="" type="checkbox"/> \$ 100% check mailed to Seller at the address as provided above <input type="checkbox"/> \$ deposit into the Seller's account with (Bank) Account No. <input type="checkbox"/> \$ payment of an underlying obligation to Account No. <input type="checkbox"/> \$ Other(describe)			
<b>H. Late payment penalty:</b> <input checked="" type="checkbox"/> Yes \$50.00-10 Days Late			
<b>I. Is prepayment permitted:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
<b>3. ASSIGNMENT:</b> Buyers may not Assign their Interest with out Prior Written Consent PLEASE HAVE SELLER(S) & BUYER(S) INITIAL.			
<input type="checkbox"/> May be assigned by Buyer - no consent needed. <input type="checkbox"/> May NOT be assigned by Buyer. <input checked="" type="checkbox"/> May be assigned by Buyer with written consent. Seller's Initials _____ Buyer's Initials _____		<input checked="" type="checkbox"/> May be assigned by Seller - no consent needed. <input type="checkbox"/> May NOT be assigned by Seller. <input type="checkbox"/> May be assigned by Seller with written consent. Seller's Initials _____ Buyer's Initials _____	
<b>4. Escrow fees payable to First American Title &amp; Escrow as follows:</b> A. Opening fee of \$50.00 shall be paid by <input checked="" type="checkbox"/> Seller <input type="checkbox"/> Buyer. B. All subsequent fees to be paid by Buyer, unless provided otherwise.			

**SELLER(S)**



## CONTRACT FOR DEED

THIS AGREEMENT, made and entered into this 19<sup>th</sup> day of November, 2002, by and between, DREW MUNRO, (personal representative for Alice J. Munro, deceased), of 187 Doak Creek Road, Libby Montana 59923, hereinafter referred to as SELLER, and CHARLES D. STAMBAUGH AND LILAC STAMBAUGH, 1325 Airstrip Rd. Libby Montana 59923, Libby Montana, 59923, hereinafter referred to as BUYER, shall set forth the terms and conditions of the purchase and sale of real property legally described below.

## WITNESSETH

Upon the BUYER'S completion of payments and their performance of the covenants hereinafter provided for and agreed to, the SELLER hereby covenants and agrees to convey fee simple title to the following described real property, by good and sufficient Warranty Deed, subject to easements, rights of way and encumbrances of record as of this date, including but not limited to the property owners association recorded with the plat of subject property which is more particularly described as follows:

Parcel 1 of Libby Sky Ranch subdivision, according to the official plat on file and of record in the office of the Clerk and Recorder, Lincoln County, Montana, together with easements as shown thereon, all located in Section 2 of Township 30 North, Range 31 West, MPM, which property is also known as 1325 Airstrip Road, Libby Montana, 59923.

The agreed upon purchase price for the property hereinabove described is Twenty Nine Thousand Nine Hundred and no/100 Dollars (\$29,900.00), which is agreed to be paid as follows:

Five Thousand Dollars (\$5,000.00), as down payment, has been paid by BUYER to SELLER, receipt of which is hereby acknowledged.

The balance of the purchase price of Twenty Four Thousand Nine Hundred Dollars (\$24,900.00) shall be paid in monthly installments of Three Hundred Dollars (\$300.00) per month, or more at the purchaser's option for the first 12 months of this agreement, and then thereafter for the next 12 months the sum of Four Hundred Dollars (\$400.00) per month, and then for the remaining time of this agreement, the sum of Five Hundred Dollars (\$500.00) per month shall be paid, with every payment including Ten Percent (10%) Interest, payable on the principal balance, which payments shall be paid on or before the Tenth (10<sup>th</sup>) day of each and every month until the entire unpaid principal and accrued interest and fees are paid in full. The first payment shall be due on December 10<sup>th</sup>, 2002. The entire balance together with any unpaid interest shall be due not later than June 10<sup>th</sup>, 2009.

The BUYER shall have the right and privilege during the continuance of this agreement to accelerate payment of principal at any time without penalty, provided however, that no such payment shall relieve the BUYER of making the regular installment payments otherwise required by this agreement.

It is agreed that the real estate taxes for the year 2002 shall be paid by the Buyer. The BUYER shall pay subsequent real property taxes and assessments, on or before the date they are due. Failure to do so shall constitute a breach under this agreement. The SELLER may, at their option, pay any delinquent real estate taxes and upon doing so shall add such amount of money to the unpaid principal balance of this agreement.

The BUYERS agree that they will not, without the express written consent of the SELLER, permit, commit, suffer, or cause any waste on the above described property at any time while this agreement is in force and affect. The term waste as used in this paragraph shall include but not be limited to the storage of inoperable vehicles or equipment on the property, the accumulation of garbage or materials on the property, the alteration of the house located on subject property, any excavation that is not restored to as before surface conditions within one week of commencement of such excavation, or any act that damages or reduces the value of the premises or property. Any alterations upon any portion of the premises or property subject to this agreement shall only be allowed after first obtaining the written approval of the SELLER.

Possession of the property by the BUYERS under the terms of this agreement shall be granted by the SELLER upon closing.

The intended use of this property is residential, and any change of use during the term of this agreement shall require the SELLER'S prior written approval.

It is agreed that all monthly payments to be made by the BUYERS shall be paid at First American Title and Escrow, P. O. Box 155, Libby, MT 59923 or by delivering said payment to their offices which are currently located at 120 W. 6<sup>th</sup> St, Libby, Montana. Said First American Title and Escrow is hereby designated and agreed upon by the BUYER and SELLER as the long-term escrow agent.

The BUYER and SELLER do agree to deposit the original document pertaining to this purchase and sale of real property with First American Title and Escrow. Upon the completion of the terms and conditions of this agreement, said First American Title and Escrow is instructed to deliver to the BUYER the original documents together with any subsequent documents that may come into their possession as a result of this agreement. In the event that the BUYERS should default in the performance of the terms and conditions of this agreement, and this agreement therefore is declared forfeited and cancelled by the SELLER, then the Escrow Agent is hereby instructed to deliver to the SELLER all of said instruments that are deposited in their care, including the Grant Deed from the BUYER to the SELLER which is being executed contemporaneously with this agreement. The Escrow Agent is instructed to charge the BUYER with its collection fee.

The parties hereto shall execute and record a Notice of Purchasers Interest contemporaneously with the execution of this agreement. A Grant Deed from the

BUYERS to the SELLER shall be executed and shall be held in escrow as provided for above, and only be used in the event of a properly noticed and declared default and forfeiture, as further provided for herein.

The BUYER agrees to keep the property subject to this agreement free from all liens, mortgages or encumbrances during the term of this agreement without the prior written permission of the SELLER.

The BUYER shall at all times during the term of this agreement maintain peril and fire insurance in an amount at least equal to the unpaid balance due the SELLER. The BUYER must provide to the SELLER a current binder of coverage showing the SELLER as additional insured. Any lapse of insurance coverage or of a current binder of coverage being in escrow shall constitute a breach of this agreement. Any insurance proceeds shall first be applied to the unpaid balance of monies owed to the SELLER, and then any balance remaining shall be paid to the BUYERS.

It is expressly understood and agreed that time is of the essence of this agreement. If the BUYER shall breach, default in or fail to perform fully and promptly any of the terms of this agreement, and if such breach, default or failure shall continue for a period of thirty (30) days or more after written notice specifying the default is mailed to the BUYER at the address of record with the Escrow Agent at any such time as such notice is sent, and if no remedy is completed within the agreed upon 30 days, then the SELLER hereby declares all sums due and payable and upon the expiration of another 30 days, should the BUYER not pay the balance of principal, interest and fees then due in full, then the SELLER may immediately take possession of the property that is the subject of this agreement, and the BUYERS hereby agree that they shall peacefully surrender possession of the subject property and vacate the same immediately. It is further agreed that in the event of a forfeiture, that all sums paid to the SELLER are forfeited and deemed to be the stipulated rental for the period of possession of the property. Upon payment in full of all sums owing, then title shall be conveyed to BUYERS as otherwise provided for herein. The remedies expressly given to the SELLER by the provisions of this agreement shall not be deemed to be exclusive. Neither the extension of time of payment of any sum of money nor any waiver by the SELLER of their rights shall in any manner affect the right of the SELLER to cancel this contract because of defaults subsequently occurring. No extension of time shall be valid unless evidenced by a duly signed agreement.

It is understood and agreed that should the BUYER be more than 10 days late in making any regular payment due hereunder, that a penalty of Fifty Dollars (\$50.00) shall be added to said payment. The delinquent payment shall not be deemed as made until the penalty payment is also paid. Such penalty does not apply to interest or principal, but is to be remitted to the Escrow Agent for the SELLER'S.

Should it become necessary for the SELLER to give the BUYER written notice of BUYER'S breach of any of the terms and conditions of this agreement, the BUYERS shall pay to the SELLER through the escrow agent the sum of One Hundred Dollars (\$100.00) as forfeited costs for giving such written notice. Said fee shall be required in

addition to any remedy of any such breach of agreement before reinstatement is complete.

In the event that a lawsuit or action is instituted to enforce any of the rights or provisions expressed in this agreement, the prevailing party shall be entitled to attorney's fees. Venue for any legal action arising out of this agreement shall be Lincoln County Montana.

The SELLER shall provide the BUYER with a policy of Title Insurance at closing.

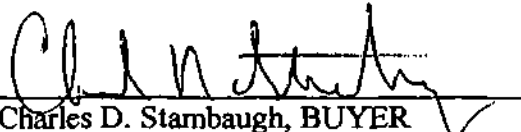
It is hereby agreed and understood that all of the terms and conditions of this agreement between the parties hereto are stated herein, except as otherwise indicated in writing. No representations, or inducements have been made to the BUYER by the SELLER except as set forth herein.


The property subject to this agreement is being conveyed in as is condition. The BUYERS confirm that they have inspected the property and accept it as is and no conditions or covenants remain unfulfilled.

This agreement shall be binding upon and inure to the benefit of the heirs, executors administrators, assigns and personal representatives of the parties hereto. The BUYERS may not assign their interest in this agreement without the express written consent of the SELLER. Any assignment, be it voluntary or involuntary, shall be deemed a breach and in such an event the entire unpaid balance of principal, accrued interest, fees and costs shall be immediately due and payable.

This agreement contains the entire understanding and agreement between the parties hereto. It may not be altered or amended without the express written agreement of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

  
Charles D. Stambaugh, BUYER

  
Drew N. Munro, (personal representative for  
Alice J. Munro, deceased) SELLER

  
Lila G. Stambaugh, BUYER

## AGREEMENT

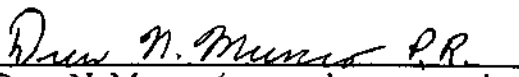
This agreement, dated this 19<sup>th</sup> day of November 2002 between Charles D. Stambaugh and Lila Stambaugh, hereinafter referred to as BUYERS, and Drew N. Munro, (Personal Representative for Alice J. Munro, deceased) hereinafter referred to as SELLER, shall provide for certain work that has been agreed to as a part of the purchase of real estate that is being purchased under a Contract for Deed of this same date.


- Buyer agrees to sheetrock the ceilings in the living room, the kitchen, the bathroom and the front bedroom and as needed in the back two bedrooms. *or VAPER BARNER + NOTTY P.R. AS LB*
- Buyer agrees to cover the floors in the living room, the bathroom, and the bedrooms with linoleum, tile, or carpeting, except for the bathroom, which shall not be carpeted.
- Buyer agrees to repair the roof so that there is no leakage into the house. *JS LB*
- Buyer agrees to replace broken windows within one week. *or secure plastic covering*

All of the above-described work shall be completed by May 30, 2003. Upon completion of the work, then the Buyer shall notify the Seller and the Seller may inspect said work for satisfactory completion. All work shall be done in a workmanlike and reasonable quality manner, to a standard of typical remodeling contractor workmanship. If said work is not completed or is of a lesser standard, then the Seller may declare a default under the Contract for Deed, which is being executed contemporaneously with this agreement, and the provisions for notice and cure of the default are stipulated to and agreed to in the Contract for Deed.

Further, the Buyer understands that the property that is the subject of this agreement has Zonolite insulation in a portion of the ceiling and the home is on the "Priority List" with the Environmental Protection Agency and will be reinsulated at no cost to the Buyer. The schedule for this re-insulation is for spring of 2003. The Buyer accepts the property subject to this re-insulation requirement and holds the Seller harmless for any and all liability for either the existence of the present insulation, or the occurrence of the re-insulation or anything associated with that event or process.

  
Charles D. Stambaugh, BUYER

  
Drew N. Munro, (personal representative for  
Alice J. Munro, deceased) SELLER

  
Lila Stambaugh, BUYER